

INSTRUCTIONS FOR THE EXPENDITURE OF SPECIALTY LICENSE PLATE FEES

(Effective 7/1/04)

(Revised 11/05)

A. AUTHORITY

Florida Statutes 215.97
Florida Statutes 320.08053
Florida Statutes 320.08056
Florida Statutes 320.08058
Florida Statutes 320.08062
Florida Statutes 320.08068
Florida Administrative Code 27D
Rules of the Auditor General 10.550 or 10.650

The web sites for these laws and rules can be accessed at the following addresses:

Florida Statutes <http://www.flsenate.gov/Statutes/index.cfm> .

Florida Administrative Code <http://election.dos.state.fl.us/fac/instructions.shtml> .

Rules of the Auditor General <http://www.state.fl.us/audgen/pages/rules.htm> .

B. DEFINITIONS

- 1) **Administrative Expenses:** Those expenditures of specialty license plate fees that are considered as operating costs of the organization. Examples of these costs include but are not limited to:
 - a. Administrative salaries of employees and officers of the organization who do not, or cannot prove, via detailed daily time sheets, that they actively participate in program activities.
 - b. Bookkeeping and support services of the organization.
 - c. Office supplies and equipment not directly utilized for the specified program(s).
 - d. Travel time, per diem, mileage reimbursement, and lodging expenses not directly associated with a specified program purpose.
 - e. Paper, printing, envelopes, and postage not directly associated with a specified program purpose.
 - f. Miscellaneous expenses such as food, beverage, entertainment, and conventions.Administrative expenses are permissible only if specifically authorized by F.S. 320.08058 or 320.08068.
- 2) **Audit:** A periodic detailed review, performed by the department's Office of Inspector General, of an organization's records pertaining to revenues and expenditures of use fees to determine the organization's compliance with statutes. F.S. 320.08062(3) states; "The department has the authority to examine all records pertaining to the use of funds from the sale of specialty license plates."

- 3) **Compliance Affidavit:** The Specialty License Plate Revenue, Expenditure and Compliance Affidavit is a department form to be completed and submitted annually to the department when the \$500,000 threshold criteria for a single audit is not met. The affidavit is of the form and format prescribed by the department and must be completed in its entirety and signed by the organization's chairman or executive director and notarized by a notary public. Pursuant to F.S. 320.08062, the annual affidavit shall be submitted to the department within 9 months after the end of the organization's fiscal year.
- 4) **Department:** The Department of Highway Safety and Motor Vehicles.
- 5) **Disallowed Expenses:** Any expenditure of specialty license plate fees that does not comply with Florida Statutes; and any expenditure, whether authorized or not, that cannot be substantiated with a detailed employee time sheet, or a receipt and cancelled check.
- 6) **Fiscal Year:** Each organization's financial reporting period.
- 7) **Organization:** The entity designated by law to receive and/or expend specialty license plate use fees. Pass-through organizations and subrecipients are included.
- 8) **Pass-through Organization:** The organization receiving specialty license plate use fees directly from the department. Per statutes, this organization distributes the fees to subrecipients.
- 9) **Subrecipient:** An organization that does not receive use fees directly from the department. These organizations receive their use fees from a pass-through organization the statutes have identified as the recipient of fees from the department. The subrecipient expends the use fees in compliance with statutes.
- 10) **Program:** Those activities and purposes detailed in the section of F.S. 320.08058 or 320.08068 pertaining to each organization's expenditures of specialty license plate use fees. Programs are established by law in general and more specifically identified in the organization's application for the specialty license plate.
- 11) **Program Expenses:** those expenditures of specialty license plate fees incurred by an organization solely for the purposes approved by the Legislature and identified in the organization's original application to the Department of Highway Safety and Motor Vehicles. The laws applicable to these program expenses can be found in Florida Statutes 320.08058 or 320.08068.

Allowable expenditures include:

- a. Salaries of employees and officers of the organization who can prove, via detailed daily time sheets, that they actively participated in program activities.
- b. Office supplies and equipment directly utilized for the specified program(s).
- c. Travel time, mileage reimbursement, and lodging expenses directly associated with a specified program purpose.
- d. Paper, printing, envelopes, and postage directly associated with a specified program purpose.
- e. The organization's internet site that provides the public with information about the approved program(s).
- f. Contracted goods and services directly associated with a specified program purpose.

- 12) **Promotion and Marketing Expenses:** The costs associated with the promotion and marketing of the organization's specialty license plate and concept. These costs may include but are not limited to:
- a. The organization's web site,
 - b. Mass media advertisements, and
 - c. Organizational mail-outs and the corresponding postage.
- These expenses are permissible only if specifically authorized by F.S. 320.08058 or 320.08068.
- 13) **Single Audit:** An audit performed by a C.P.A. for organizations expending \$500,000 or more, of state funds in the organization's fiscal year. (This amount is from all sources of state funds no matter if the funds are received from one or more state agencies for different purposes.) Included in the audit report will be a statement by the C.P.A. about the organization's compliance with applicable laws pertaining to the expenditure of specialty license plate use fees. Pursuant to Auditor General Rule 10.657, copies of the single audit report package must be submitted to the Auditor General and to the department "within 45 days after delivery of the audit report package to the auditee, but no later than 9 months after the end of the fiscal year of the auditee."
- 14) **Start-up Costs:** Expenses incurred to establish the specialty license plate. These expenses are permissible only if specifically authorized by F.S. 320.08058 or 320.08068 and can be incurred up until the time an organization's license plate is approved by the Legislature.
- 15) **Use Fees:** The money an organization receives from the department from the sale of its specialty license plate. With few exceptions, use fees are generally distributed on a weekly basis by the department.

C. PURPOSE

It is the intent of the department to establish uniformity in determining allowable and disallowable expenditures of specialty license plate use fees. It is also the intent of the department to inform organizations of their statutorily required reporting requirements.

D. PROCEDURES

Expenditures: There are five types of expenditures authorized in F.S. 320.08058. These types are:

1. Program and project costs,
2. Annual audit or compliance affidavit costs,
3. Administrative costs,
4. Start-up costs, and
5. Promotion and marketing costs.

Depending on the statute for a particular license plate, some organizations may be restricted to only one of these types of expenditures while others may have two or more. F.S. 320.08068 (motorcycles) authorizes expenditures for the first three cost categories only. If the purpose of an organization's expenditure of license plate use fees is not specified in the statutes it will be disallowed.

- 1) **Programs and projects** are established and reported as the primary benefits obtained from the use of specialty license plate use fees when the organization initially applies for a specialty license plate. The purchases made for programs and projects are to fulfill the objective of the organization by providing benefits for the citizens, economy, education, environment, or wildlife of the State of Florida.
- 2) When an organization meets the minimum requirements for a **single audit** as per F.S. 215.97 and 320.08062 it may utilize use fees to pay for the annual audit. When the organization is required to submit an audit and its sources of funds are from the department and other State of Florida agencies, the use of specialty license plate fees for the audit will only be permitted in the ratio of expenditures of specialty plate fees to all other expenditures for the fiscal year.

For organizations that submit an annual **compliance affidavit**, the actual costs associated with the preparation of the document may be reimbursed using license plate use fees. The normal accounting function of the organization is an administrative expense and is not part of the expenses associated with the completion and submission of the compliance affidavit.

- 3) The expenditure of specialty license plate use fees for **Administrative costs** are permitted only if specifically stated in F.S. 320.08058 as it pertains to each organization's specialty license plate and F.S. 320.08068 as it pertains to motorcycle plates. These expenditures are allowed as reimbursement for the organization's miscellaneous/overhead costs. Expenditures for administrative costs are permitted up to the statutorily authorized percentage of the organization's total use fees received from the department provided such administrative expenses are documented. If an organization does not expend all of its authorized administrative fees in a particular year, the balance may be carried over to the next year. However, the amount carried over must be reported on the affidavit as the "Unexpended" or "Beginning Balance for Administrative Fees. This will also necessitate the separate reporting of the "Beginning Balance of Program Fees."

The utilization of use fees to pay for administrative costs will not be permitted for an organization unless specifically stated in F.S. 320.08068 or their applicable section of F.S. 320.08058. Also, administrative expenditures exceeding the organization's authorized percentage **will be disallowed**.

- 4) Only when specified in an organization's applicable section of F.S. 320.08058, may **start-up costs** be reimbursed from specialty license plate use fees. Reimbursement is permitted only for an organization's original costs associated with applying for, and obtaining legislative approval for its tag. These costs can no longer accumulate once the legislature approves the tag.

It is the responsibility of the organization to record and maintain an itemized list of all start-up costs. This detailed listing will be submitted to the department within 60 days subsequent to the approval of an organization's specialty plate.

Also, a running decreasing balance must be maintained and reported to the department each year until all such costs have been recovered. At this time, the utilization of use fees for start-up costs will no longer be permitted.

- 5) The **promotion and marketing costs** of an organization's specialty license plate are permitted only when specified in an organization's applicable section of F.S. 320.08058 and 320.08068. Promotion and marketing expenditures exceeding the organization's authorized percentage may not be reimbursed using specialty license plate use fees. If an organization does not expend all of its authorized promotion and marketing fees in a particular year, the balance may be carried over to the next year. However, the amount carried over must be reported on the affidavit as the "Unexpended" or "Beginning Balance for "Promotion and Marketing Fees". This will also necessitate the separate reporting of the "Beginning Balance of Program Fees."

In the event that an organization reports, or the department determines through audit or review, that the organization has expended specialty license plate use fees for purposes other than what is permitted by law, or is unable to substantiate an expenditure, the department will require the organization to reimburse, from other sources, the use fee "account" for the unauthorized expenditures.

If there are questions or comments pertaining to these instructions, please call (850) 617-3870 or address them to:

Division of Motor Vehicles
Bureau of Titles and Registrations
Specialty License Plate Section, Mail Stop 68
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500